is due shall promptly notify the Corporation. Failure to provide prompt notice to the Corporation shall not affect the institution's obligation to make full and timely assessment payment. Unless otherwise directed by the Corporation, the institution shall preliminarily pay the amount shown on its assessment invoice for the preceding quarter, subject to subsequent correction.

(j) *Doubled-payment option*—(1) *Election*. In the case of a quarterly payment to be made on March 30, on June 30, on September 30, or on the alternate payment date, an insured depository institution may elect to pay twice the amount of such quarterly payment.

(2) *Certification*. (i) In order to elect the doubled-payment option with respect to a selected payment date, an institution must so certify in writing to the Corporation in advance. In order for the election to be effective, the Corporation must receive the certification by the following dates: in the case of a quarterly payment to be made on March 30, June 30, or September 30, the Corporation must receive the certification no later than the prior February 1, May 1, or August 1, respectively; in the case of a quarterly payment to be made on the alternate payment date, the Corporation must receive the certification by the prior November 1.

(ii) The certification shall be made on a pre-printed form provided by the Corporation. The form shall be signed by the institution's chief financial officer or such other officer as the institution's board of directors may designate for that purpose. The form shall be sent to the attention of the Chief of the Assessment Operations Section of the Corporation's Division of Finance. An institution may obtain the form from the Corporation's Division of Finance.

(iii) The election shall be effective with respect to the selected quarterly payment for the year specified in the certification and with respect to subsequent quarterly payments made on the selected payment date in subsequent years, until the election is terminated.

(3) *Termination*. (i) An insured depository institution may terminate its election of the doubled-payment option for a selected payment date by so certifying in writing to the Corporation in advance. In order for the termination to be effective, the Corporation must receive the termination certification by the following dates: In the case of a quarterly payment to be made on March 30, June 30, or September 30, the Corporation must receive the termination certification no later than the prior February 1, May 1, or August 1, respectively; in the case of a quarterly payment to be made on the alternate payment date, the Corporation must receive the termination certification by the prior November 1.

(ii) The termination certification shall be made on a pre-printed form provided by the Corporation. The form shall be signed by the institution's chief financial officer or such other officer as the institution's board of directors may designate for that purpose. The form shall be sent to the attention of the Chief of the Assessment Operations Section of the Corporation's Division of Finance. An institution may obtain the form from the Corporation's Division of Finance.

(iii) The termination shall be permanent, except that an institution that has terminated its election of the doubled-payment option for a selected payment date may make a new election.

(4) *Manner of payment*. If an insured depository institution elects the doubled-payment option for a selected payment date, the Corporation will cause an amount equal to twice the amount stated in the applicable invoice to be directly debited on the selected payment date from the deposit account designated by the insured depository institution for that purpose.

[59 FR 67161, Dec. 29, 1994, as amended at 60 FR 50407, Sept. 29, 1995; 61 FR 67696, Dec. 24, 1996; 64 FR 70181, Dec. 16, 1999]

§ 327.4 Annual assessment rate.

(a) *Assessment risk classification*. For the purpose of determining the annual assessment rate for insured depository institutions under § 327.9, each insured depository institution will be assigned an ''assessment risk classification''. Notice of the assessment risk classification applicable to a particular semiannual period will be provided to the institution with the first-quarterly invoice provided pursuant to

§ 327.3(c)(1). Each institution's assessment risk classification, which will be composed of a group and a subgroup assignment, will be based on the following capital and supervisory factors:

(1) *Capital factors*. Institutions will be assigned to one of the following three capital groups on the basis of data reported in the institution's Consolidated Reports of Condition and Income, Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks, or Thrift Financial Report dated as of March 31 for the assessment period beginning the following July and as of September 30 for the assessment period beginning the following January 1.

(i) *Well capitalized*. For assessment risk classification purposes, the short-form designation for this group is ''1''.

(A) Except as provided in paragraph (a)(1)(i)(B) of this section, this group consists of institutions satisfying each of the following capital ratio standards: Total risk-based ratio, 10.0 percent or greater; Tier 1 risk-based ratio, 6.0 percent or greater; and Tier 1 leverage ratio, 5.0 or greater. New insured depository institutions coming into existence after the report date specified in paragraph (a)(1) of this section will be included in this group for the first semiannual period for which they are required to pay assessments. For the purpose of computing the ratios referred to in this paragraph (a)(1)(i)(A) for the second semiannual period of 1997, each such ratio shall be computed for an institution as if the institution had retained the funds that the institution disbursed in payment of the special assessment prescribed by § 329.41(a).

(B) For purposes of assessment risk classification, an insured branch of a foreign bank will be deemed to be ''well capitalized'' if the insured branch:

(*1*) Maintains the pledge of assets required under § 347.209 of this chapter; and

(*2*) Maintains the eligible assets prescribed under § 347.210 of this chapter at 108 percent or more of the average book value of the insured branch's third-party liabilities for the quarter ending on the report date specified in paragraph (a)(1) of this section.

(ii) *Adequately capitalized*. For assessment risk classification purposes, the short-form designation for this group is ''2''.

(A) Except as provided in paragraph (a)(1)(ii)(B) of this section, this group consists of institutions that do not satisfy the standards of ''well capitalized'' under this paragraph but which satisfy each of the following capital ratio standards: Total risk-based ratio, 8.0 percent or greater; Tier 1 risk-based ratio, 4.0 percent or greater; and Tier 1 leverage ratio, 4.0 percent or greater. For the purpose of computing the ratios referred to in this paragraph (a)(1)(ii)(A) for the second semiannual period of 1997, each such ratio shall be computed for an institution as if the institution had retained the funds that the institution disbursed in payment of the special assessment prescribed by § 327.41(a).

(B) For purposes of assessment risk classification, an insured branch of a foreign bank will be deemed to be ''adequately capitalized'' if the insured branch:

(*1*) Maintains the pledge of assets required under § 347.209 of this chapter; and

(*2*) Maintains the eligible assets prescribed under § 347.210 of this chapter at 106 percent or more of the average book value of the insured branch's third-party liabilities for the quarter ending on the report date specified in paragraph (a)(1) of this section; and

(*3*) Does not meet the definition of a well capitalized insured branch of a foreign bank.

(iii) *Undercapitalized*. For assessment risk classification purposes, the short-form designation for this group is ''3''. This group consists of institutions that do not qualify as either ''well capitalized'' or ''adequately capitalized'' under paragraphs (a)(1) (i) and (ii) of this section.

(2) *Supervisory risk factors*. Within its capital group, each institution will be assigned to one of three subgroups based on the Corporation's consideration of supervisory evaluations provided by the institution's primary federal regulator. The supervisory evaluations include the results of examination findings by the primary federal regulator, as well as other information

the primary federal regulator determines to be relevant. In addition, the Corporation will take into consideration such other information (such as state examination findings, if appropriate) as it determines to be relevant to the institution's financial condition and the risk posed to the BIF or SAIF. Authority to set dates applicable to the determination of supervisory subgroup assignments is delegated to the Corporation's Director of the Division of Supervision and Consumer Protection (DSC) (or his or her designee). The three supervisory subgroups are:

(i) *Subgroup "A"*. This subgroup consists of financially sound institutions with only a few minor weaknesses;

(ii) *Subgroup "B"*. This subgroup consists of institutions that demonstrate weaknesses which, if not corrected, could result in significant deterioration of the institution and increased risk of loss to the BIF or SAIF; and

(iii) *Subgroup "C"*. This subgroup consists of institutions that pose a substantial probability of loss to the BIF or SAIF unless effective corrective action is taken.

(b) *Payment of assessment at rate assigned*. Institutions shall make timely payment of assessments based on the assessment risk classification assigned in the notice provided to the institution pursuant to paragraph (a) of this section. Timely payment is required notwithstanding any request for review filed pursuant to paragraph (d) of this section. An institution for which the assessment risk classification cannot be determined prior to an invoice date specified in § 327.3(c)(1) or (d)(1) shall preliminarily pay on that invoice at the assessment rate applicable to the classification designated "2A" in the appropriate rate schedule set forth in § 327.9. If such institution is subsequently assigned for that semiannual period an assessment risk classification other than that designated as "2A", or if the classification assigned to an institution in the notice is subsequently changed, any excess assessment paid by the institution will be credited by the Corporation, with interest, and any additional assessment owed shall be paid by the institution, with interest, in the next quarterly assessment payment after such subsequent assignment or change. Interest payable under this paragraph shall be determined in accordance with § 327.7.

(c) *Classification for certain types of institutions*. The annual assessment rate applicable to institutions that are bridge banks under 12 U.S.C. 1821(n) and to institutions for which the Corporation has been appointed or serves as conservator shall in all cases be the rate applicable to the classification designated as "2A" in the appropriate assessment schedule prescribed pursuant to § 327.9.

(d) *Requests for review*. An institution may submit a written request for review of its assessment risk classification. Any such request must be submitted within 90 days of the date of the assessment risk classification notice provided by the Corporation pursuant to paragraph (a) of this section. The request shall be submitted to the Corporation's Director of the Division of Insurance and Research in Washington, D.C., and shall include documentation sufficient to support the reclassification sought by the institution. If additional information is requested by the Corporation, such information shall be provided by the institution within 21 days of the date of the request for additional information. Any institution submitting a timely request for review will receive written notice from the Corporation regarding the outcome of its request. Upon completion of a review, the Director of the Division of Insurance and Research (or designee) or the Director of the Division of Supervision and Consumer Protection (DSC) (or designee), as appropriate, shall promptly notify the institution in writing of his or her determination of whether reclassification is warranted. Notice of the procedures applicable to reviews will be included with the assessment risk classification notice to be provided pursuant to paragraph (a) of this section.

(e) *Disclosure restrictions*. The supervisory subgroup to which an institution is assigned by the Corporation pursuant to paragraph (a) of this section is deemed to be exempt information within the scope of § 309.5(g)(8) of this chapter and, accordingly, is governed by the disclosure restrictions set out at § 309.6 of this chapter.

(f) *Limited use of assessment risk classification.* The assignment of a particular assessment risk classification to a depository institution under this part 327 is for purposes of implementing and operating a risk-based assessment system. Unless permitted by the Corporation or otherwise required by law, no institution may state in any advertisement or promotional material the assessment risk classification assigned to it pursuant to this part.

(g) *Lifeline accounts.* Notwithstanding any other provision of this part 327, the portion of an institution's assessment base that is attributable to deposits in lifeline accounts pursuant to the Bank Enterprise Act, 12 U.S.C. 1834, will be assessed at such rate as may be established by the Corporation pursuant to 12 U.S.C. 1834 and section 7(b)(2)(H) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. 1817(b)(2)(H).

[59 FR 67162, Dec. 29, 1994, as amended at 61 FR 67696, Dec. 24, 1996; 63 FR 17075, Apr. 8, 1998; 64 FR 70181, Dec. 16, 1999; 70 FR 17559, Apr. 6, 2005]

§ 327.5 Assessment base.

(a) *Computation of assessment base.* Except as provided in paragraph (c) of this section, the assessment base of an insured depository institution for any date on which the institution is required to file a quarterly report of condition shall be computed by:

(1) Adding—

(i) All demand deposits—

(A) That the institution reported as such in the quarterly report of condition for that date;

(B) That belong to subsidiaries of the institution and were eliminated in consolidation;

(C) That are held in any insured branches of the institution that are located in the territories and possessions of the United States;

(D) That represent any uninvested trust funds required to be separately stated in the quarterly report for that date;

(E) That represent any unposted credits to demand deposits, as determined in accordance with the provisions of paragraph (b)(1) of this section; and

(ii) All time and savings deposits, together with all interest accrued and unpaid thereon—

(A) That the institution reported as such in the quarterly report of condition for that date;

(B) That belong to subsidiaries of the institution and were eliminated in consolidation;

(C) That are held in any insured branches of the institution that are located in the territories and possessions of the United States;

(D) That represent any unposted credits to time and savings deposits, as determined in accordance with the provisions of paragraph (b)(1) of this section; then

(2) Subtracting, in the case of any institution that maintains such records as will readily permit verification of the correctness of its assessment base—

(i) Any unposted debits;

(ii) Any pass-through reserve balances;

(iii) 16⅔ percent of the amount computed by subtracting, from the amount specified in paragraph (a)(1)(i) of this section, the sum of:

(A) Unposted debits allocated to demand deposits pursuant to the provisions of paragraph (b)(2) of this section; plus

(B) Pass-through reserve balances representing demand deposits;

(iv) 1 percent of the amount computed by subtracting, from the amount specified in paragraph (a)(1)(ii) of this section, the sum of:

(A) Unposted debits allocated to time and savings deposits pursuant to the provisions of paragraph (b)(2) of this section; plus

(B) Pass-through reserve balances representing time and savings deposits;

(v) Liabilities arising from a depository institution investment contract that are not treated as insured deposits under section 11(a)(8) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(8)).

(b) *Methods of reporting unposted credits and unposted debits*—(1) *Unposted credits.* Each insured depository institution shall report unposted credits in quarterly reports of condition for addition to the assessment base in the following manner: